

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Mail Processing Network Rationalization
Service Standard Changes, 2012

Docket No. N2012-1

**UNITED STATES POSTAL SERVICE NOTICE OF FILING LIBRARY REFERENCE
USPS-LR-N2012-1/NP17 AND APPLICATION FOR NON-PUBLIC STATUS**
(March 9, 2012)

In accordance with Rule 31(b)(2), the United States Postal Service provides notice today that it files the following Category 4 Library Reference:

USPS-LR-N2012-1/NP17 Materials Responsive to APWU/USPS-T4-30

Pursuant to 39 C.F.R. § 3001.31(b)(ii) and (iii), the Postal Service files this library reference as part of its response to APWU/USPS-T4-30. This library reference was developed under the supervision of witness Neri (USPS-T-4), and it is not an update of or revision to another library reference.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**UNITED STATES POSTAL SERVICE APPLICATION FOR
NONPUBLIC TREATMENT OF LIBRARY REFERENCE USPS-LR-N2012-1/NP17**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) applies for nonpublic treatment of certain data filed under seal with the Commission.

The materials covered by this application consist of a data set that reveals product-specific volume data for multiple parcel products – including First Class Mail Parcels, BPM Parcels, Media and Library Mail Parcels, and Single Piece Parcel Post - carried between specific origin and destination pairs in the Postal Service processing network.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed non-publicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, PRC Docket No. RM2008-1, June 19, 2009.

(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The data designated as nonpublic consist of commercial information revealing product-specific volumes originating or delivered within the service areas of specific postal mail processing facilities which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated volume data reflecting the originating or destinating volumes for specific market or service areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).²

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;

The responsive data consist of product-specific volumes that originate within or

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194,

are delivered within the service area of specific postal mail processing facilities.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the parcel delivery market. Disclosure of the volume of First Class Mail Parcels, BPM Parcels, Media and Library Mail Parcels, and Single Piece Parcel Post originating and delivered within a particular market, as defined by the service areas' specific origin-destination ZIP Code pairs, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the parcel delivery market in specific service areas, and
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Identified harm: Public disclosure of product-specific volume in USPS Library Reference USPS-LR-N2012-1/NP17 would be used by competitors of the Postal Service to the detriment of the Postal Service.

Hypothetical: A competitor's representative obtains access to the data in USPS Library Reference USPS-LR-N2012-1/NP17. It analyzes the data to assess the nature and scale of that portion of the Postal Service's delivery business consisting of a

specific product originating in particular markets (defined by ZIP Code origin-destination pairs) in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its parcel delivery service offerings, prices, operations and marketing strategies and activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access data regarding its competitors' volumes.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys.

(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in USPS Library Reference USPS-LR-N2012-1/NP17.